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S. C. PUBLIC SERVICE COMMISSION

RECEIVED
MAR 26 1997

DIRECT TESTIMONY
OF
KENNETH R. JACKSON

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 97-004-E

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
MAR 27 1997
UTILITIES DEPARTMENT

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Kenneth R. Jackson, 1426 Main Street, Columbia, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a Senior Analyst in the Electric Rate Department of South Carolina Electric & Gas Company.

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I am a graduate of the University of South Carolina (USC) where I received a Bachelor of Science Degree in Business Administration, majoring in Finance. Since graduating from USC, I have completed numerous graduate level courses in Business and Economics. I joined South Carolina Electric & Gas Company in 1978, where I have held various positions in the Accounting and Rate Regulation Departments. In February 1989, I

RETURN DATE:
SERVICE: *DKA*

1 assumed my present position. I have testified before this Commission in
2 the Company's previous Fuel Costs Hearings.

3 **Q. WILL YOU BRIEFLY SUMMARIZE YOUR DUTIES WITH SOUTH**
4 **CAROLINA ELECTRIC & GAS COMPANY?**

5 A. My current responsibilities include preparing and developing the Company's
6 Electric Cost of Service Studies for both State and Federal jurisdictions, the
7 Company's Fuel Cost Adjustment, Interconnection Rates and Real time
8 Pricing.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. The purpose of my testimony is to provide the actual fuel cost data for the
12 period March, 1996 through February, 1997, the historical period under
13 review in this proceeding. I will also provide the computations for the
14 projected fuel cost per kilowatt-hour of sales for the period May, 1997
15 through April, 1998, along with the Company's recommended fuel rate for
16 the period ending April, 1997.

17 **Q. IS THIS THE FIRST FUEL PROCEEDING SCE&G HAS BEEN INVOLVED**
18 **IN SINCE THE NEW FUEL STATUTE WAS APPROVED BY THE SOUTH**
19 **CAROLINA LEGISLATURE?**

- 1 A. Yes, it is. Our last fuel proceeding was held during the spring of 1996. The
2 exhibits accompanying my testimony reflect our historical and projected
3 periods covering one full year which adheres to the provisions of the new
4 statute requiring 12-month reviews of a utility's fuel cost.
- 5 **Q. WHAT IS THE COMPANY'S CURRENTLY APPROVED RATE FOR FUEL**
6 **COST?**
- 7 A. The Commission in Order No.96-278, dated April 25, 1996 approved a
8 1.310 cents per KWH fuel component which is currently in effect.
- 9 **Q. DID THE CHANGE IN THE STATUTE YOU DISCUSSED EARLIER**
10 **IMPACT THIS ORDER**
- 11 A. Yes. Order No. 96-556 dated August 14, 1996 continued the fuel factor
12 until the next order of the Commission.
- 13 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. ____ (KRJ-1)?**
- 14 A. Exhibit No. _____ (KRJ-1) shows the actual fuel cost and unbilled
15 revenue experienced by the Company for the months of March 1996
16 through February, 1997. As shown on this Exhibit, the Company has an
17 actual overcollection of \$4,897,627 as of February, 1997. The forecasted
18 balance at April, 1997 is an overcollection of \$6,431,897.
- 19 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. ____ (KRJ-2)?**

1 A. Exhibit No. _____ (KRJ-2) provides the calculation of the projected
2 fuel component for the twelve month period May, 1997 through April, 1998.

3 This component consists of the projected fuel costs for this period and the
4 projected over recovery at April, 1997. For the twelve months May, 1997
5 through April, 1998 that cost is 1.323 cents per KWH.

6 **Q. HOW WOULD THE PROJECTED OVERCOLLECTION OF FUEL COST**
7 **IMPACT THE COMPANY'S FORECASTED FUEL RATE?**

8 A. The anticipated overcollection through April, 1997 of \$6,431,897 would
9 decrease our fuel rate .037 cents per KWH for the twelve month period
10 ending April, 1998. Decreasing the projected fuel cost for the overcollection
11 produces a total cost of 1.286 cents per KWH for the twelve month period
12 ending April, 1998.

13 **Q. MR. JACKSON, WHAT FUEL COMPONENT IS THE COMPANY**
14 **PROPOSING IN THIS PROCEEDING?**

15 A. The Company is proposing that the fuel component be decreased to 1.285
16 cents per KWH effective with the billing month of May, 1997 and continuing
17 through the billing month of April, 1998. The Company believes that
18 decreasing the fuel component to 1.285 cents per KWH follows the
19 Commission's intent in the establishment and continuation of the fuel clause

1 by maintaining a relative balance between actual and projected fuel costs
2 and sales over the long run.

3 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. _____ (KRJ-3)?**

4 A. Exhibit No. _____ (KRJ-3) contains the Company's fuel costs forecast
5 and projected recovery calculations by months for May, 1997 through April,
6 1998. This exhibit reflects the monthly and cumulative over and under
7 projected fuel cost collections expected by the Company using my
8 recommendations as to fuel rate level and timing of the fuel rate change.
9 My projection shows an over recovery of \$6,431,897 at April, 1997 and an
10 under recovery of \$122,871 at April, 1998.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. **Yes.**

13

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

ACTUAL 1996 - 1997

LINE NO.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
1. TOTAL COST OF FOSSIL FUEL BURNED	\$10,988,336	\$14,093,869	\$17,914,924	\$16,048,704	\$17,337,785	\$16,289,724	\$12,156,580	\$9,030,676
2. NUCLEAR FUEL	\$2,230,091	\$957,917	\$428,882	\$2,223,955	\$2,190,395	\$2,244,874	\$2,157,937	\$2,283,963
3. PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$5,736,461	\$3,535,576	\$8,331,723	\$6,015,106	\$8,414,344	\$6,216,364	\$5,824,730	\$5,948,120
4. FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$1,781,797	\$310,033	\$384,243	\$2,045,252	\$3,560,384	\$2,243,546	\$850,779	\$760,798
5. TOTAL FUEL COSTS (LINES 1+2+3+4)	\$17,173,091	\$18,277,329	\$26,291,286	\$22,242,513	\$24,382,140	\$22,507,416	\$19,288,467	\$16,501,961
6. TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,307,321,290	1,353,557,928	1,369,986,974	1,567,892,863	1,778,324,750	1,705,639,286	1,725,105,294	1,351,487,240
7. FOSSIL FUEL COST PER KWH SALES	0.013136	0.013503	0.019191	0.014186	0.013711	0.013196	0.011181	0.012210
8. LESS BASE COST PER KWH INCLUDED IN RATES	0.01348	0.01348	0.01310	0.01310	0.01310	0.01310	0.01310	0.01310
9. FOSSIL FUEL ADJUSTMENT PER KWH	(0.00034)	0.00002	0.00609	0.00109	0.00061	0.00010	(0.00192)	(0.00089)
10. UNBILLED REVENUE KWH	1,212,198,258	1,264,584,587	1,271,951,515	1,464,831,293	1,658,304,443	1,605,833,393	1,615,667,745	1,268,209,301
11. UNBILLED REVENUE	(\$412,147)	\$25,292	\$7,746,246	\$1,596,666	\$1,011,566	\$160,583	(\$3,102,082)	(\$1,128,706)
12. ADJUSTMENT	\$0	\$0	(\$74,466)	\$0	\$0	\$0	\$0	\$0
13. CUMULATIVE UNDER(OVER)(\$7,748,261)	(\$8,160,408)	(\$8,135,116)	(\$463,336)	\$1,133,330	\$2,144,896	\$2,305,479	(796,603)	(\$1,925,309)

Exhibit No. (KRJ-1)

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. _____ (KRJ-1)

LINE NO.		ACTUAL 1996 - 1997				FORECAST 1997		
		NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	
1.	TOTAL COST OF FOSSIL FUEL BURNED	\$10,445,564	\$13,097,143	\$12,690,796	\$9,243,956	\$11,153,000	\$10,186,000	
2.	NUCLEAR FUEL	\$2,165,731	\$2,282,209	\$2,270,437	\$2,064,819	\$2,146,000	\$2,146,000	
3.	PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$6,100,851	\$5,892,761	\$5,873,398	\$4,755,648	\$5,282,000	\$4,687,000	
4.	FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$1,535,787	\$2,162,325	\$580,481	\$695,686	\$812,000	\$204,000	
5.	TOTAL FUEL COSTS (LINES 1+2+3+4)	\$17,176,359	\$19,109,788	\$20,254,150	\$15,368,737	\$17,769,000	\$16,815,000	
8.	TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,306,200,021	1,457,268,094	1,505,822,535	1,462,584,219	1,416,000,000	1,348,000,000	
9.	FOSSIL FUEL COST PER KWH SALES	0.013150	0.013113	0.013451	0.010508 #	0.012549	0.012474	
10.	LESS BASE COST PER KWH INCLUDED IN RATES	0.01310	0.01310	0.01310	0.01310	0.01310	0.01310	
11.	FOSSIL FUEL ADJUSTMENT PER KWH	0.00005	0.00001	0.00035	(0.00259)	(0.00055)	(0.00063)	
12.	UNBILLED REVENUE KWH	1,210,398,524	1,350,749,310	1,412,500,010	1,367,073,263	1,336,000,000	1,269,000,000	
13.	UNBILLED REVENUE	\$60,520	\$13,507	\$494,375	(\$3,540,720)	(\$734,800)	(\$799,470)	
14.	ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0	
15.	CUMULATIVE UNDER(OVER)(\$7,748,261)	(\$1,864,789)	(\$1,851,282)	(\$1,356,907)	(\$4,897,627)	(\$5,632,427)	(\$6,431,897)	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
CALCULATION OF BASE FUEL COMPONENT**

**FORECAST
MAY 97 - APR 98
12 MONTHS**

1. PROJECTED DATA:

COST OF FUEL (\$000)	\$245,244
SYSTEM SALES (GWH)	18,541
AVERAGE COST (CENTS/KWH)	1.323

2. (OVER)/UNDER COLLECTION (\$000) THROUGH APRIL 1997 (\$6,432)

SOUTH CAROLINA RETAIL SALES (GWH)	17,456
AVERAGE COST (CENTS/KWH)	(0.037)

3. BASE COST (CENTS/KWH):

PROJECTED FUEL COST	1.323
(OVER)/UNDER RECOVERY RATE	<u>(0.037)</u>
PROJECTED BASE FUEL COST	<u>1.286</u>

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. _____ (KRJ-3)

LINE NO.	FORECAST	1997 FORECAST						
		MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	
1.	TOTAL COST OF FOSSIL FUEL BURNED	\$12,325,000	\$15,105,000	\$16,702,000	\$17,120,000	\$13,523,000	\$15,439,000	
2.	NUCLEAR FUEL	\$2,220,000	\$2,023,000	\$2,244,000	\$2,048,000	\$2,121,000	\$300,000	
3.	PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$5,424,000	\$5,368,000	\$5,760,000	\$5,645,000	\$5,579,000	\$7,679,000	
4.	FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$1,069,000	\$1,259,000	\$1,255,000	\$1,275,000	\$1,261,000	\$207,000	
5.	TOTAL FUEL COSTS (LINES 1+2+3+4)	\$18,900,000	\$21,237,000	\$23,451,000	\$23,538,000	\$19,962,000	\$23,211,000	
6.	TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,355,000,000	1,560,000,000	1,726,000,000	1,767,000,000	1,725,000,000	1,453,000,000	
7.	FOSSIL FUEL COST PER KWH SALES	0.013948	0.013613	0.013587	0.013321	0.011572	0.015975	
8.	LESS BASE COST PER KWH INCLUDED IN RATES	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285	
9.	FOSSIL FUEL ADJUSTMENT PER KWH	0.00110	0.00076	0.00074	0.00047	(0.00128)	0.00313	
10.	UNBILLED REVENUE KWH	1,272,000,000	1,467,000,000	1,623,000,000	1,667,000,000	1,629,000,000	1,370,000,000	
11.	UNBILLED REVENUE	\$1,399,200	\$1,114,920	\$1,201,020	\$783,490	(\$2,081,862)	\$4,288,100	
12.	ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0	
13.	CUMULATIVE UNDER(OVER)(\$6,431,897)	(\$5,032,697)	(\$3,917,777)	(\$2,716,757)	(\$1,933,267)	(\$4,015,129)	\$272,971	

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. _____ (KRJ-3)

FORECAST		1997 - 1998 FORECAST					
LINE NO.		NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL
1.	TOTAL COST OF FOSSIL FUEL BURNED	\$12,525,000	\$14,247,000	\$15,664,000	\$12,021,000	\$11,148,000	\$11,742,000
2.	NUCLEAR FUEL	\$1,518,000	\$2,199,000	\$2,102,000	\$1,975,000	\$2,150,000	\$2,087,000
3.	PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$4,850,000	\$4,134,000	\$5,009,000	\$4,972,000	\$5,514,000	\$3,900,000
4.	FUEL RECOVERED THROUGH INTERSYSTEM SALES	<u>\$206,000</u>	<u>\$814,000</u>	<u>\$542,000</u>	<u>\$551,000</u>	<u>\$548,000</u>	<u>\$153,000</u>
5.	TOTAL FUEL COSTS (LINES 1+2+3+4)	<u>\$18,687,000</u>	<u>\$19,766,000</u>	<u>\$22,233,000</u>	<u>\$18,417,000</u>	<u>\$18,264,000</u>	<u>\$17,576,000</u>
8.	TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,388,000,000	1,494,000,000	1,624,000,000	1,579,000,000	1,470,000,000	1,400,000,000
9.	FOSSIL FUEL COST PER KWH SALES	0.013463	0.013230	0.013690	0.011664	0.012424	0.012554
10.	LESS BASE COST PER KWH INCLUDED IN RATES	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285
11.	FOSSIL FUEL ADJUSTMENT PER KWH	0.00061	0.00038	0.00084	(0.00119)	(0.00043)	(0.00030)
12.	UNBILLED REVENUE KWH	1,302,000,000	1,403,000,000	1,530,000,000	1,488,000,000	1,388,000,000	1,317,000,000
13.	UNBILLED REVENUE	\$794,220	\$533,140	\$1,285,200	(\$1,770,720)	(\$596,840)	(\$395,100)
14.	ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0
15.	CUMULATIVE UNDER(OVER)	\$1,067,191	\$1,600,331	\$2,885,531	\$1,114,811	\$517,971	\$122,871

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